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Shui On Land Limited
瑞安房地產有限公司*

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 272)



瑞安建業有限公司*
SOCAM Development Limited

(Incorporated in Bermuda with limited liability)
(Stock Code: 983)

CONTINUING CONNECTED TRANSACTIONS

THE FURTHER RENEWED MANAGEMENT SERVICES AGREEMENT IN RELATION TO THE DALIAN PROJECT

Reference is made to the joint announcements of SOL and SOCAM dated 28 April 2008 and 28 December 2010 respectively relating to the Management Services Agreement in respect of the provision of management services to the relevant companies of Dalian Onshore Group by each of Shanghai SOD, Max Clear and Yida for the development of the Dalian Project.

On 29 October 2012, Shanghai SOD, Max Clear, Yida and Dalian Onshore Group entered into the Further Renewed Management Services Agreement to, among other things, further extend the term of the Management Services Agreement so that it will end on 31 December 2014 instead of 31 December 2013, and revise other terms of the Management Services Agreement.

Dalian Onshore Group, Max Clear and Yida are connected persons of SOL under the Listing Rules. Accordingly, the provision of the Management Services by Shanghai SOD to Dalian Onshore Group and the engagement by Dalian Onshore Group of Max Clear and Yida as providers of the Management Services constitute continuing connected transactions of SOL.

Dalian Onshore Group, Shanghai SOD and Yida are connected persons of SOCAM under the Listing Rules. Accordingly, the provision of the Management Services by Max Clear to Dalian Onshore Group constitutes continuing connected transactions of SOCAM.

BACKGROUND

Reference is made to the joint announcements of SOL and SOCAM dated 28 April 2008 and 28 December 2010 respectively relating to the Management Services Agreement in respect of the provision of management services to the relevant companies of Dalian Onshore Group by each of Shanghai SOD, Max Clear and Yida for the development of the Dalian Project. The Management Services Agreement will expire on 31 December 2013.

On 29 October 2012, Shanghai SOD, Max Clear, Yida and Dalian Onshore Group entered into the Further Renewed Management Services Agreement to, among other things, further extend the term of the Management Services Agreement so that it will end on 31 December 2014 instead of 31 December 2013, and revise other terms of the Management Services Agreement. The principal terms of the Further Renewed Management Services Agreement are set out below.

THE FURTHER RENEWED MANAGEMENT SERVICES AGREEMENT

Date: 29 October 2012

Parties: (1) Shanghai SOD, a wholly-owned subsidiary of SOL;
(2) Max Clear, a wholly-owned subsidiary of SOCAM;
(3) Yida; and
(4) Dalian Onshore Group.

Principal Terms: The parties agreed to, among other things:

- (a) further extend the term of the Management Services Agreement so that it shall end on 31 December 2014 instead of 31 December 2013;
- (b) revise the scope of the Management Services to be provided by Shanghai SOD and Max Clear to Dalian Onshore Group, so that:
 - (i) Shanghai SOD will, in addition to the Management Services relating to overall planning, design control, conceptual design and implementation, market positioning and

land acquisition, also provide project management services, core sales and marketing services and asset management services in respect of the Dalian Project; and

- (ii) Max Clear will no longer be responsible for the provision of the project and asset management services for the Dalian Project, but will provide support and services relating to quality and safety control, marketing, land acquisition and tender invitations in respect of the Dalian Project; and
- (c) revise the relevant percentage ratios for calculating the annual management services fees payable by Dalian Onshore Group (i) from 1% to 1.5% as to Shanghai SOD; and (ii) from 1.5% to 1% as to Max Clear, of the annual total budgeted construction cost for the Dalian Project.

The revisions in (b) and (c) above are effective from the date of signing the Further Renewed Management Services Agreement.

ANNUAL CAPS

Pursuant to the Management Services Agreement as supplemented by the Further Renewed Management Services Agreement, each of Shanghai SOD, Max Clear and Yida shall provide the Management Services to Dalian Onshore Group at a revised annual management services fee to be calculated at 1.5%, 1% and 1% respectively of the annual total budgeted construction cost for the Dalian Project.

The fees paid or payable to Shanghai SOD, Max Clear and Yida by certain companies of Dalian Onshore Group in respect of the Management Services were RMB10.2 million (approximately HK\$12.5 million), RMB15.3 million (approximately HK\$18.7 million) and RMB10.2 million (approximately HK\$12.5 million) respectively for the financial year ended 31 December 2010, and RMB19.0 million (approximately HK\$23.2 million), RMB28.5 million (approximately HK\$34.9 million) and RMB19.0 million (approximately HK\$23.2 million) respectively for the financial year ended 31 December 2011.

It is expected that the maximum annual management services fees payable by Dalian Onshore Group to each of Shanghai SOD, Max Clear and Yida under the Management Services Agreement as supplemented by the Further Renewed Management Services Agreement for the three financial years ending 31 December 2014 will be as follows:

	For the financial year ending 31 December		
	2012 (Note)	2013 (Note)	2014
Shanghai SOD Annual Caps	RMB18 million (approximately HK\$22.0 million)	RMB30 million (approximately HK\$36.7 million)	RMB38 million (approximately HK\$46.5 million)
Max Clear Annual Caps	RMB22 million (approximately HK\$26.9 million)	RMB20 million (approximately HK\$24.5 million)	RMB25 million (approximately HK\$30.6 million)
Yida Annual Caps	RMB15 million (approximately HK\$18.3 million)	RMB20 million (approximately HK\$24.5 million)	RMB25 million (approximately HK\$30.6 million)

Note: The previous annual caps for the two financial years ending 31 December 2012 and 2013 as disclosed in the joint announcement of SOL and SOCAM dated 28 December 2010 have been revised based on the new percentage ratios for calculating the management services fees payable to Shanghai SOD and Max Clear respectively under the Further Renewed Management Services Agreement and the latest estimate of the annual total construction costs for the Dalian Project for these years.

The Annual Caps are determined based on an estimate of the annual total construction cost for the Dalian Project for each of the three financial years ending 31 December 2014, taking into account the expected construction progress based on the latest development plan of the Dalian Project, and the change in the scope of the Management Services to be provided by each of Shanghai SOD and Max Clear.

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

The directors of SOL (including the independent non-executive directors of SOL) consider that in view of the latest development plan of the Dalian Project, it is necessary to further extend the term of the Management Services Agreement. The directors of SOL also noted that it is the intention of the parties to the Management Services Agreement as supplemented by the Further Renewed Management Services

Agreement for SOL as the majority shareholder of the Dalian Group to provide project management services, core sales and marketing services and asset management services in respect of the Dalian Project in place of Max Clear, and given the SOL Group's expertise and experience in property and project management, the directors of SOL believe that the SOL Group is fully capable of assuming these additional responsibilities. Shanghai SOD will receive a higher annual management services fee for the provision of the Management Services as a result of such arrangement. The directors of SOL (including the independent non-executive directors of SOL) consider that the terms of the Management Services Agreement as supplemented by the Further Renewed Management Services Agreement are normal commercial terms and the Continuing Connected Transactions (together with the Annual Caps) are fair and reasonable and in the interests of SOL and its shareholders as a whole.

The directors of SOCAM (including the independent non-executive directors of SOCAM) consider that in view of the latest development plan of the Dalian Project, it is necessary to further extend the term of the Management Services Agreement. The directors of SOCAM also noted that it is the intention of the parties to the Management Services Agreement as supplemented by the Further Renewed Management Services Agreement for SOL as the majority shareholder of the Dalian Group to provide project management services, core sales and marketing services and asset management services in respect of the Dalian Project in place of Max Clear, and as a result Max Clear will no longer be responsible for the provision of such management services for the Dalian Project, but will focus on its other responsibilities under the Management Services Agreement as supplemented by the Further Renewed Management Services Agreement. Max Clear will receive a lower annual management services fee for the provision of the Management Services as a result of such arrangement. The directors of SOCAM (including the independent non-executive directors of SOCAM) consider that the terms of the Management Services Agreement as supplemented by the Further Renewed Management Services Agreement are normal commercial terms and the Continuing Connected Transactions (together with the Annual Caps) are fair and reasonable and in the interests of SOCAM and its shareholders as a whole.

IMPLICATIONS OF THE LISTING RULES

At the date of this announcement, the Dalian Group is effectively held as to 48% by SOL, 22% by SOCAM and 30% by Yida. Mr. LO, who is the Chairman of SOL, and his associates are together entitled to control the exercise of more than 30% of the voting power at general meetings of SOL. Mr. LO, who is also the Chairman of SOCAM, and his associates are together entitled to control the exercise of more than 30% of the voting power at general meetings of SOCAM. Therefore, SOCAM is an

associate of Mr. LO and is a connected person of SOL. Accordingly, the Dalian Group is a connected person of SOL pursuant to Rules 14A.11(5) and 14A.11(6) of the Listing Rules and the provision of the Management Services by Shanghai SOD to Dalian Onshore Group under the Management Services Agreement as supplemented by the Further Renewed Management Services Agreement constitutes continuing connected transactions of SOL. In addition, as the companies constituting the Dalian Group are the subsidiaries of SOL for the purposes of the Listing Rules, and Max Clear, being a wholly-owned subsidiary of SOCAM, and Yida, being a substantial shareholder of Richcoast, are both connected persons of SOL, the engagement by Dalian Onshore Group of Max Clear and Yida as providers of the Management Services under the Management Services Agreement as supplemented by the Further Renewed Management Services Agreement also constitutes continuing connected transactions of SOL.

By virtue of Mr. LO's interest in the Dalian Group and SOL as set out above, the Dalian Group and Shanghai SOD are associates of Mr. LO and accordingly are connected persons of SOCAM. In addition, Yida is a member of the Yida Group and another member of the Yida Group is a substantial shareholder of a joint venture formed by SOCAM with several partners for investment in a property project in Beijing, which is a subsidiary of SOCAM for the purposes of the Listing Rules. Accordingly, the provision of the Management Services by Max Clear to Dalian Onshore Group under the Management Services Agreement as supplemented by the Further Renewed Management Services Agreement constitutes continuing connected transactions of SOCAM.

Since the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the maximum annual fees for the provision of the Management Services by each of Shanghai SOD, Max Clear and Yida for the three financial years ending 31 December 2014 under the Management Services Agreement as supplemented by the Further Renewed Management Services Agreement exceed 0.1% but are less than 5%, the entering into of the Further Renewed Management Services Agreement and the Continuing Connected Transactions contemplated thereby are subject to announcement, annual review and reporting requirements but exempt from the independent shareholders' approval requirement under the Listing Rules for each of SOL and SOCAM.

Mr. LO, being the controlling shareholder and an executive director of each of SOL and SOCAM, has a material interest in the Further Renewed Management Services Agreement and the Continuing Connected Transactions contemplated thereby. Mr. Frankie Y. L. WONG is also a non-executive director of each of SOL and SOCAM. Both of them have abstained from voting on the relevant resolutions passed by the respective boards of directors of SOL and SOCAM.

GENERAL INFORMATION

SOL, through its subsidiaries and associates, is one of the leading property developers in the PRC. The SOL Group engages principally in the development, sale, leasing, management and long-term ownership of high-quality residential, office, retail, entertainment and cultural properties in the PRC.

The SOCAM Group principally engages in property development and investment, asset management, construction and investment in cement operations in Hong Kong and the PRC.

The Yida Group is a conglomerate with interests in property development, construction and furnishing, equipment manufacturing, software park development, platform development for software and information services, and professional training and education in the PRC.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Annual Caps”	the maximum annual fees for the provision of the Management Services to Dalian Onshore Group by each of Shanghai SOD, Max Clear and Yida for the three financial years ending 31 December 2014;
“associate(s)”, “connected person(s)”, “subsidiary(ies)”, “substantial shareholder(s)”	each has the meaning ascribed to it under the Listing Rules;
“Continuing Connected Transactions”	the transactions contemplated under the Management Services Agreement as supplemented by the Further Renewed Management Services Agreement;
“Dalian Group”	Richcoast and its subsidiaries, including Dalian Onshore Group and their respective associates;

“Dalian Onshore Group”	collectively the PRC JV Companies, the PRC Project Companies and the PRC Subsidiaries;
“Dalian Project”	the Dalian Tiandi property development project jointly developed and operated by the SOL Group, the SOCAM Group and the Yida Group, being a large-scale integrated development in Dalian, the PRC, with an estimated developable gross floor area of approximately 3.3 million square metres comprising software offices, residential, commercial and retail properties, hotels and educational facilities;
“Further Renewed Management Services Agreement”	the agreement dated 29 October 2012 entered into between Shanghai SOD, Max Clear, Yida and Dalian Onshore Group which, among other things, further extends the term of the Management Services Agreement and revises other terms of the Management Services Agreement;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Management Services”	the management services provided by each of Shanghai SOD, Max Clear and Yida to Dalian Onshore Group in respect of the property development of the Dalian Project pursuant to the Management Services Agreement as supplemented by the Further Renewed Management Services Agreement;
“Management Services Agreement”	the management services agreement dated 28 April 2008 entered into between Shanghai SOD, Max Clear, Yida, the PRC JV Companies and the PRC Project Companies in respect of the provision of management services to certain companies of Dalian Onshore Group, as supplemented by a supplemental agreement dated 28 December 2010 entered into between Shanghai SOD, Max Clear, Yida and Dalian Onshore Group;

“Max Clear”	Max Clear Holdings Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of SOCAM;
“Mr. LO”	Mr. Vincent H. S. LO;
“PRC”	the People’s Republic of China (excluding, for the purpose of this announcement, Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan);
“PRC JV Companies”	the four joint venture companies (that is, Dalian Qiantong Science & Technology Development Co., Ltd., Dalian Ruisheng Software Development Co., Ltd., Dalian Delan Software Development Co., Ltd. and Dalian Jiadao Science & Technology Development Co., Ltd.) owned as to 78% by Richcoast through its wholly-owned subsidiaries and 22% by Yida, which are the immediate holding companies of the PRC Project Companies;
“PRC Project Companies”	the companies (that is, 大連軟件園瑞安發展有限公司 (Dalian Software Park Shui On Fazhan Co., Ltd.*) and 大連軟件園瑞安開發有限公司 (Dalian Software Park Shui On Kaifa Co., Ltd.*)) established by the PRC JV Companies in the PRC as wholly-owned subsidiaries to hold the Dalian Project;
“PRC Subsidiaries”	the four wholly-owned subsidiaries of one of the PRC Project Companies, namely 大連軟件園中興開發有限公司 (Dalian Software Park Zhong Xing Kaifa Co., Ltd.*), 大連軟件園榮泰開發有限公司 (Dalian Software Park Rong Tai Kaifa Co., Ltd.*), 大連軟件園榮源開發有限公司 (Dalian Software Park Rong Yuan Kaifa Co., Ltd.*) and 大連軟件園榮達開發有限公司 (Dalian Software Park Rong Da Kaifa Co., Ltd.*), which are all established in the PRC and form part of Dalian Onshore Group;

“Richcoast”	Richcoast Group Limited (a non-wholly owned subsidiary of SOL for the purposes of the Listing Rules) which is incorporated in the British Virgin Islands and is a joint venture company held as to 61.54% by Innovate Zone Group Limited (a wholly-owned subsidiary of SOL), 28.20% by Main Zone Group Limited (a wholly-owned subsidiary of SOCAM) and 10.26% by Many Gain International Limited (a member of the Yida Group) respectively;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shanghai SOD”	Shui On Development Limited, a company established in the PRC and a wholly-owned subsidiary of SOL;
“SOCAM”	SOCAM Development Limited, a company incorporated in Bermuda with limited liability, whose shares are listed on the main board of the Stock Exchange (stock code: 983);
“SOCAM Group”	SOCAM and its subsidiaries;
“SOL”	Shui On Land Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the main board of the Stock Exchange (stock code: 272);
“SOL Group”	SOL and its subsidiaries;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Yida”	Yida Group Company Limited, a company established in the PRC;

“Yida Group” group of companies under common control, including Yida, Many Gain International Limited and their respective holding companies and subsidiaries; and

“%” per cent.

Unless otherwise specified in this announcement and for the purpose of illustration only, RMB is translated into HK\$ at the rate of RMB1 : HK\$1.223. No representation is made that any amounts in RMB have been or could be converted at the above rate or at any other rates or at all.

By order of the board of directors
Shui On Land Limited
Vincent H. S. LO
Chairman

By order of the board of directors
SOCAM Development Limited
Philip K. T. WONG
*Managing Director and
Chief Executive Officer*

Hong Kong, 29 October 2012

At the date of this announcement, the executive directors of SOL are Mr. Vincent H. S. LO (Chairman), Mr. Freddy C. K. LEE (Chief Executive Officer) and Mr. Daniel Y. K. WAN; the non-executive director of SOL is Mr. Frankie Y. L. WONG; and the independent non-executive directors of SOL are Sir John R. H. BOND, Dr. William K. L. FUNG, Professor Gary C. BIDDLE, Dr. Roger L. McCARTHY and Mr. David J. SHAW.

At the date of this announcement, the executive directors of SOCAM are Mr. Vincent H. S. LO, Mr. Lawrence Y. K. CHOI, Mr. Philip K. T. WONG and Mr. Raymond F. L. WONG; the non-executive director of SOCAM is Mr. Frankie Y. L. WONG; and the independent non-executive directors of SOCAM are Mr. Gerrit J. DE NYS, Ms. Helen H. L. LI, Mr. CHAN Kay Cheung and Mr. Moses K. T. TSANG.

* *For identification purpose only*

Websites: www.shuionland.com
www.socam.com